

## **BILL ANALYSIS**

C.S.H.B. 765  
By: Menendez  
Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current state law, insurers offering a group accident and health insurance policy are required to provide the policyholder a certificate of insurance for delivery to each employee or insured member. Many employees are not aware of their policy limitations, so additional information needs to be provided to each employee of the policy holder so that they are aware of policy limits and annual deductibles.

C.S.H.B. 765 mandates that an insurer will provide in writing to the policyholder for delivery to each employee or member the annual deductibles, policy limits, and out-of-pocket expenses under the policy. In addition, the insurer must inform an employee of the availability of and premiums for additional coverage that they have the option to purchase.

### **RULEMAKING AUTHORITY**

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a state officer, institution or agency.

### **ANALYSIS**

C.S.H.B. 765 amends the Insurance Code to provide that an insurer issuing a group policy shall provide to the group policyholder for delivery to each employee a written notice that explains the content of the certificate of insurance which summarizes the annual deductibles, policy limits, and maximum out-of-pocket expenses under the policy. C.S.H.B. 765 also provides that the insurer must inform the employee of the availability of and premiums for a rider or separate insurance policy that would provide coverage in addition to the coverage provided under the policy.

### **EFFECTIVE DATE**

This Act takes effect on September 1, 2005. The Act applies beginning with January 1, 2006.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 765 modifies the original by deleting Sec. 1251.202 of the Insurance Code which required a group accident and health insurance policy provide a minimum annual policy limit of \$500,000. C.S.H.B. 765 modifies the original by adding a new Sec. 1251.201 to the Insurance Code which requires an insurer to deliver a certificate of insurance to the policyholder for each employee which would summarize the annual deductibles, policy limits, and maximum out-of-pocket expenses under the policy. Additionally, C.S.H.B. 765 modifies the original by adding language that provides that the insurer informs the employee or member of the insured group of the availability of and the premiums for a rider or separate insurance policy that would provide coverage at the cost of the employee, in addition to the coverage provided under the policy.